

Worker and Community Transition

Program Mission

The Office of Worker and Community Transition was formed in September 1994 to mitigate the impacts on workers and communities caused by changing Department of Energy (DOE) missions, consistent with Section 3161 of the Defense Authorization Act of 1993. Since that time, the Office has developed the expertise to oversee work force planning for the Department, assist in developing benefits packages for displaced workers, oversee labor relations efforts, lessen the impact of downsizing on affected workers and communities by fostering alternative employment opportunities, and integrate asset disposition, where possible, into community transition efforts.

From 1993 to the present, more than 50,000 contractor personnel have been separated without work disruptions at the sites or legal actions. Through these cumulative reductions the Department realizes annual savings of almost \$4 billion.

The Office of Worker and Community Transition has been a major management tool for streamlining the Department of Energy yet maintaining effectiveness during downsizing activities and changes in the make-up of the contractor work force. Further, through grants to local community reuse organizations and the sale of surplus real and personal property, the Department can contribute to the diversification of communities' economies affected by its work force actions.

In FY 1998, Congress identified the appropriation for Section 3161 as the only authorized source of funding for local impact assistance to communities affected by work force reductions at defense nuclear facilities. At the same time, Congress put similar limits on work force transition enhanced benefits when it specified that enhanced benefits could only be provided through the worker and community transition program.

The Worker and Community Transition Program directly supports Program Strategic Performance Goal EQ4-1 of the FY 2004 Performance Plan.

Program Strategic Performance Goals

EQ4-1: Minimize the social and economic impacts to individuals and communities caused by changes in the Department's work force by (1) providing separation benefits comparable to industry standards while achieving annual savings that are three times the one-time cost of separation and (2) creating and retaining jobs in the community to diversify the economy and employ displaced workers.

Performance Indicator

The performance indicators for Program Strategic Performance Goal EQ4-1, Managing Contractor Work Force Restructuring, are (1) the ratio of the annual savings to the one-time cost of separation, and (2) the number of jobs created or retained in the community.

Annual Performance Results and Targets

FY 2002 Results	FY 2003 Target	FY 2004 Proposed Target
<i>Achieve annual recurring costs savings from separated workers that are at least three times the one time cost of separation. (NS3-2) .</i>	<i>Achieve annual recurring cost savings from separated workers that are at least three times the one time cost of separation.</i>	<i>Achieve annual recurring cost savings from separated workers that are at least three times the one time cost of separation.</i>
<i>Support local community transition activities that create or retain 27,500 to 29,000 private sector jobs by the end of FY 2002. (NS3-2)</i>	<i>Support local community transition activities that will create or retain, cumulatively, between 29,000 and 30,500 private sector jobs by the end of FY 2003.</i>	<i>Support local community transition activities that will create or retain, cumulatively, between 30,500 and 31,000 private sector jobs by the end of FY 2004.</i>
	<i>Publish annual report as specified in authorizing legislation.</i>	<i>Publish annual report as specified in section 3161 of the National Defense Authorization Act for Fiscal Year 1993.</i>
	<i>In cooperation with the community reuse organizations, develop criteria to guide community transition funding allocations.</i>	

Strategy

The Office of Worker and Community Transition's two major program elements are managing work force transition and assisting community transition impacted by downsizing.

To achieve the first performance measure for EQ4-1, achieving annual cost savings, the Office directs work force planning and, through that process, controls the amount of enhanced severance benefits that are permitted for a particular work force separation. The Office must balance the total cost of the benefits against the need to provide incentives for orderly reductions in contractor personnel and the need for fair treatment of workers.

To achieve the second performance measure for EQ4-1, creating or retaining jobs in impacted communities, the past practice has been to provide the local coordinating organization (the community reuse organization) with grants to implement projects designed by the community to achieve that end. Often the Department's contribution serves as "seed money" to attract investment by other government programs and private sources that far exceeds the DOE funding.

Significant Accomplishments

- The program successfully managed the reduction of about 51,000 contractor personnel in seven years (Fiscal Years 1994 - 2001).
- More than two thirds of separations to-date have been voluntary, with an average (including workers separated through attrition) separation cost – including both program funded severance costs and 3161 funded enhanced severance benefits -- of approximately \$18,000 per position.

- Based on the average cost of salaries and benefits (adjusted for inflation) per contractor worker, the total annual recurring savings to-date for the 51,300 prime contractor positions eliminated over the life of the program is in excess of \$3.9 billion.
- Provided advice and counsel on significant labor issues at field sites including Lawrence Berkeley National Laboratory, Los Alamos National Laboratory, Richland, Idaho, and Savannah River.
- Provided local impact assistance to affected communities that cumulatively, over the life of the program, have created or retained more than 27,497 private sector jobs through the end of FY 2001. On average, one job has been created or retained for approximately each \$8,000 provided to affected communities by the program. This figure compares favorably with the experience of other Federal agencies in similar efforts.
- By October 1, 2001, completed the deposit of \$32.9 million into the Asset Sales Initiative account at the Department of Treasury as a result of the sales of unneeded Departmental assets.
- Protected Department of Energy holdings of beryllium metal in the National Defense Stockpile for national security missions.

Funding Profile

(dollars in thousands)

	FY 2002 Comparable Appropriation	FY 2003 Request	FY 2004 Request	\$ Change	% Change
Worker and Community Transition.....	18,000	22,965	12,321	-10,644	-46.3%
Program Direction.....	1,997	2,718	2,679	-39	-1.4%
Subtotal, Worker and Community Transition.....	19,997	25,683	15,000	-10,683	-41.6%
Use of Prior Year Balances ^a	-266	0	0	0	0.0%
Total, Worker and Community Transition.....	19,731	25,683	15,000	-10,683	-41.6%
Additional net budget authority to cover the cost of fully accruing retirement (non-add)....	-91	-91	0	91	--

Public Law Authorization:

Public Law 102-484, "National Defense Authorization Act for Fiscal Year 1993, Section 3161

^a Office of Worker and Community Transition portion of EWD reduction for use of prior-year unobligated balances assigned to this program. The total reduction is applied at the appropriation level.

Funding by Site^a

(dollars in thousands)

	FY 2002	FY 2003	FY 2004	\$ Change	% Change
Albuquerque Operations Office					
Albuquerque Operations Office.....	2,340	1,375	581	-794	-57.7%
Pinellas.....	900	0	0	0	0.0%
Total, Albuquerque Operations Office.....	3,240	1,375	581	-794	-57.7%
 Idaho Operations Office	 2,000	 800	 280	 -520	 -65.0%
Nevada Operations Office.....	1,000	700	280	-420	-60.0%
 Oak Ridge Operations Office					
Oak Ridge Operations Office.....	3,000	750	280	-470	-62.7%
Paducah/Portsmouth Site Office.....	4,397	1,500	560	-940	-62.7%
Total, Oak Ridge Operations Office.....	7,397	2,250	840	-1,410	-62.7%
 Ohio Field Office					
Fernald Area Office.....	0	0	0	0	0.0%
Mound Area Office.....	500	350	0	-350	-100.0%
Total, Ohio Field Office	500	350	0	-350	100.0%
 Richland Operations Office.....	 2,060	 1,465	 280	 -1,185	 -80.9%
Rocky Flats Field Office.....	1,133	225	280	55	24.4%
Savannah River Operations Office.....	670	800	280	-520	-65.0%
 Washington Headquarters.....	 1,997^b	 17,718^c	 12,179^d	 -5,630	 -31.6%
Subtotal, Worker and Community Transition.....	19,997	25,683	15,000	-10,683	-41.6%
Use of prior-year balances.....	-266	0	0	0	0.0%
Total, Worker and Community Transition.....	19,731	25,683	15,000	-10,683	-41.6%

^a On December 20, 2002, the National Nuclear Security Administration (NNSA) disestablished the Albuquerque, Oakland, and Nevada Operations Offices, renamed existing area offices as site offices, established a new Nevada Site Office, and established a single NNSA Service Center to be located in Albuquerque. Other aspects of the NNSA organizational changes will be phased in and consolidation of the Service Center in Albuquerque will be completed by September 30, 2004. For budget display purposes, DOE is displaying non-NNSA budgets by site in the traditional pre-NNSA organizational format.

^b Includes \$1,997,000 Program Direction.

^c Includes \$2,718,000 Program Direction and \$15,000,000 for work force restructuring not distributed at this time.

^d Includes \$2,679,000 Program Direction and \$9,500,000 for work force restructuring not distributed at this time.

Site Description

Albuquerque Operations Office

Funding during FY 2003 and FY 2004 would assist the administration of community reuse organization for impacted communities in the region of facilities administered by the Albuquerque Operations Office and FY 2003 funding would assist projects to diversify the economy of the regions surrounding DOE sites. These efforts would create or retain about 130 jobs during FY 2003 and 55 jobs during FY 2004.

Idaho Operations Office

Funding during FY 2003 and FY 2004 would assist the Idaho Operations Office community reuse organization in efforts to diversify the economy of the region. These efforts would create or retain approximately 80 and 25 jobs, respectively.

Nevada Operations Office

Funding in both FY 2003 and FY 2004 would provide assistance to the Nevada Test Site Development Corporation for community transition efforts that will diversify the economy of the region. The funding is expected to create or retain about 70 jobs during FY 2003 and 25 jobs during FY 2004.

Oak Ridge Operations Office

The community transition funding in FY 2003 and FY 2004 will assist the Community Reuse Organization for East Tennessee (CROET) in administering the community transition program in the Oak Ridge region. Funding would create or retain about 70 jobs in FY 2003 and about 25 jobs in FY 2004.

Paducah/Portsmouth Site Offices

Funding in FY 2002 and FY 2003 would assist the community reuse organizations, the Southern Ohio Diversification Initiative (SODI) and the Paducah Community Reuse Organization (PACRO) in attracting employers to the region around the respective USEC facility. This would create or retain jobs for about 150 and 55 workers, respectively, affected by work force transition at the USEC gaseous diffusion plants.

Richland Operations Office

Funding during FY 2003 and FY 2004 would provide assistance to the Tri-Cities Industrial Development Council, the local Community Reuse Organization (CRO) surrounding the

Hanford Site in projects to attract alternative employers. The funding would be expected to create or retain about 150 jobs in FY 2003 and 25 jobs in FY 2004.

Rocky Flats Field Office

The Rocky Flats facility is targeted for closure in FY 2006. Worker transition funding during FY 2004 will provide enhanced severance benefits, e.g., outplacement services and education assistance, for a portion of the workers currently employed at that facility. Community transition assistance during FY 2003 and FY 2004 would assist in the administration of the community reuse organization and would create or retain about 25 jobs in each year.

Savannah River Operations Office

Funding during FY 2003 and FY 2004 would assist in attracting replacement employment for workers affected by work force transition at the Savannah River facility. The community reuse organization would create or retain about 80 jobs in FY 2003 and 25 jobs in FY 2004.

Washington Headquarters

Any funding which has not been committed is reserved at headquarters. At this time, estimates indicate that significant portions of the requested FY 2003 and FY 2004 funding will be expended for worker transition. However, the sites where worker transition activities will occur are not currently known because program budgets are not completed.

Worker and Community Transition

Mission Supporting Goals and Objectives

The activities of the work force restructuring program establish policy for, coordinate implementation of, and evaluate the outcomes of work force restructuring consistent with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993, the contract reform initiative, best business practices and other Departmental policies as well as the Program Strategic Performance Goal EQ-1 of the Fiscal Year 2004 Annual Performance Plan for the Department of Energy. The functions of the work force restructuring program include assisting DOE field management in managing the work force planning process; approving necessary involuntary separations; providing enhanced benefits to former defense program contractor employees being separated; and submitting final work force restructuring plans to the Congress. Based on Secretarial direction, work force restructuring objectives are considered for reductions that exceed a threshold of 100 workers at any site, including those not specifically covered by Section 3161, in a single year. This activity assures that necessary work force reductions are conducted in a manner that encourages voluntary separations, assists displaced workers in securing new employment, provides basic benefits for a reasonable transition period, and is consistent with cost guidance and best business practices. The activity makes critical priority decisions to match these objectives with fiscal constraints.

Work force planning assures that contractor work force restructuring is conducted in a manner that assures that critical skills for ongoing mission requirements are retained, enhances efficiency, and accurately forecasts mission performance implications of potential future budget reductions. This goal is being achieved through the use of an integrated work force planning process based on a uniform work force data base and classification system for Department contractor employment. It supports the Departmental objective of realigning efforts to areas of maximum efficiency without jeopardizing critical task assignments.

Management of contractor labor relations establishes policy for such activities, oversees the collective bargaining process, and assists field organizations in labor/management relations. These activities promote an improved working relationship between labor and management in the Department's contractor work force. The result is uniform application of relevant labor standards, increased productivity, enhanced safety and security, and a reduction in disruptive labor disputes. The function also helps to implement the contract reform initiative, outsourcing policy and other elements of strategic alignment.

Section 3161 establishes an objective for the Department to "provide local impact assistance to communities that are affected by the restructuring plan" and to coordinate such assistance with other federal programs. This activity also provides an informational clearinghouse to assist local community economic development planning; identifies potential sources of both public and private funding outside the Department; and, on a high priority basis, funds projects that have a high probability of producing positive results for displaced workers and their affected communities. The Office has established criteria for evaluating community transition funding proposals and has signed an interagency agreement with the Department of Commerce to utilize its independent expertise to evaluate and approve proposals. The Department, in close cooperation with parties in the affected communities, also seeks to utilize excess Departmental

assets to help create economic activity and produce replacement employment for workers displaced by work force restructuring plans.

The mission of the Asset Management Program is to assist senior management in the development of a corporate strategy for the review and potential disposition of real and personal property surplus to the present or reasonable future needs of the Departments of Energy and Defense. The review would include the consideration of the efficiency of the Department's operations, the value of consolidation of functions, and the potential to designate entire facilities as surplus to the Department's needs.

The Asset Management Program would also continue as the Department of Energy representative on the Presidential Advisory Management Impact Committee (co-chaired by the Departments of State and Commerce), which advises the administrator of the Department of Defense National Stockpile Center on the acquisition and disposition of strategic and critical materials. The funding for the Asset Management Program is included in program direction.

Funding Schedule

(dollars in thousands)

	FY 2002	FY 2003 ^a	FY 2004 ^a	\$ Change	% Change
Work Force Restructuring.....	5,303	15,000	9,500	-5,500	-36.7%
Community Transition Assistance...	12,697	7,965	2,821	-5,144	-64.6%
Total, Worker and Community Transition.....	18,000	22,965	12,321	-10,644	-46.3%
Additional Net Budget Authority to cover the cost of fully accruing retirement (non-add)	-91	-91	0	91	--

^a FY 2003 and FY 2004 estimates allocating the appropriation to the respective program elements are preliminary. Because the Worker and Community Transition Program is counter-cyclic, more exact estimates will depend on other program funding during FY 2003 and FY 2004.

Detailed Program Justification

(dollars in thousands)

	FY 2002	FY 2003	FY 2004
Work Force Restructuring.....	5,303	15,000	9,500

- Work force restructuring includes reviewing and approving work force restructuring plans and actions, providing enhanced benefits to separated workers, coordinating work force planning activities to retain critically needed skills, and assisting field offices in labor negotiations.

The proposed funding level for FY 2003 and FY 2004 would provide some enhanced benefits for approximately 5,000 and 3,000 workers, respectively. If additional workers are affected by worker transition activities, the amount of funding devoted to worker transition will increase with a corresponding decrease in the portion provided for community transition.

Due to uncertainty regarding activities at the gaseous diffusion facilities in Piketon, Ohio, and Paducah, Kentucky, those workers are not included in the number mentioned above..

The efforts of work force transition have resulted in annual savings of almost \$4 billion. Annual savings for FY 2003 and FY 2004 are estimated to be at least three times the costs of the total of regular and enhanced work force transition benefits.

Community Transition Assistance.....	12,697	7,965	2,821
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Approved community transition projects have created or retained 27,496 jobs as of the end of FY 2001. Community transition funding is expected to create or retain about 800 jobs during FY 2003 and 260 jobs during FY 2004.

- Community Transition Assistance Small Projects..... **930** **575** **280**

Funding for these projects of \$1 million or less per site are expected to create about 50 jobs in FY 2003 and 25 jobs in FY 2004 and provide assistance in the administration of community reuse organizations.

- Albuquerque Operations Office..... **2,340** **1,375** **581**

Funding for FY 2003 and FY 2004 will assist the communities around facilities administered by the Albuquerque Operations Office mitigate the impacts of work force activities at those sites. About 130 jobs in FY 2003 and 55 jobs in FY 2004 would be created or retained.

- Idaho Operations Office..... **2,000** **800** **280**

The funding in FY 2003 and FY 2004 will help mitigate the impact of worker transition actions during the end of FY 2001 and FY 2002. The funding is expected to create about 80 jobs during FY 2003 and 25 jobs during FY 2004.

(dollars in thousands)

	FY 2002	FY 2003	FY 2004
▪ Nevada Operations Office.....	1,000	700	280
The FY 2003 and FY 2004 funding will complete a Department commitment to provide a total of \$5 million to the local community reuse organization. The funds are expected to create or retain about 70 jobs during FY 2003 and 25 jobs during FY 2004.			
▪ Oak Ridge Operations Office.....	1,742	750	280
The Department of Energy made a commitment in FY 1999 to provide \$8.75 million to the Community Reuse Organization for East Tennessee for community transition. The allocations for FY 2002 and FY 2003 would complete that commitment. The FY 2003 funding would be expected to create or retain about 70 jobs and the funding for FY 2004 would create or retain about 25 jobs.			
▪ Paducah/Portsmouth Site Office.....	2,185	1,500	560
The funding at the Paducah and Portsmouth Sites will be used to offset the impacts of worker transition actions at the United States Enrichment Corporation facility. About 150 jobs would be created or retained during FY 2003 and 55 jobs during FY 2004.			
▪ Richland Operations Office.....	2,000	1,465	280
The assistance to the community reuse organization during FY 2003 and FY 2004 is estimated to create or retain about 150 and 25 jobs, respectively.			
▪ Savannah River Operations Office.....	500	800	280
The funding provided to the community reuse organization is expected to create or retain about 80 jobs in FY 2003 and 25 jobs in FY 2004.			
Total, Worker and Community Transition.....	18,000	22,965	12,321

Explanation of Funding Changes

FY 2004 vs. FY 2003 (\$000)

Worker Transition

- Work force actions in the Department's programs are expected to be moderately high in FY 2003 but reduced in FY 2004..... -5,500

Community Transition Assistance

- The need for DOE funding of community transition activities is expected to be decreased during FY 2004

-5,144

Total Funding Change, Worker and Community Transition.....	-10,644
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Worker and Community Transition Program Direction

Mission Supporting Goals and Objectives

Program direction provides funding for administrative support to ensure that all operations are conducted in the most effective and efficient manner. This element also provides for the personnel and contractual services of all federal management and administrative personnel to carry out the missions of the Office of Worker and Community Transition at Department of Energy Headquarters and Field Offices.

Program direction has been grouped into four categories:

Salaries and Benefits provides for all the salaries, other benefits, e.g., employer contribution to retirement, employer contribution to health benefits and awards for superior service. The employees funded by this category perform strategic planning for the program, integrate internal and external policies and directives; represent the Office both within and outside the Department; provide technical direction and guidance for programs and projects; perform program assessment; and exercise internal controls.

Travel is provided for the traveling and per diem expenses of program staff in the performance of their official duties. Under certain circumstances, travel expenses of non-government personnel or government personnel from other programs may be compensated if they are serving a mission of the Office. Specifically, program staff travel to affected communities to provide technical and program assistance to field offices, contractor employees, and community representatives and to conduct program assessments. They also participate in meetings, conferences, and training selected to increase their professional expertise and program effectiveness.

Support Services for the Office of Worker and Community Transition consists of the payment for management support services of non-government personnel. These personnel assist the staff of the Office of Worker and Community Transition in accomplishing their missions by providing technical support, performing or assisting in program analyses, and assisting in the subsequent preparation of reports.

Other Related Expenses includes the necessary materials, services, utilities, and office space needed to conduct the program in an efficient manner. The major portion of this category consists of the items included in the working capital fund. This working capital fund includes such items as, office space; telephones; printing and duplicating services; and computer network connections and technical support. The remaining portion of other expenses includes procurement of supplies for the conduct of office functions.

Funding Schedule

(dollars in thousands)

	FY 2002	FY 2003	FY 2004	\$ Change	% Change
Headquarters					
Salaries and Benefits.....	1,460	1,780	1,809	29	1.6%
Travel.....	17	35	35	0	0.0%
Support Services.....	230	518	460	-58	-11.2%
Other Related Expenses.....	290	385	375	-10	-2.6%
Total, Headquarters.....	1,997	2,718	2,679	-39	-1.4%
Additional net budget authority to cover the cost of fully accruing retirement (non-add).....	-91	-91	0	91	--
Full Time Equivalents.....	18	17	16	-1	-5.9%

Detailed Program Justification

(dollars in thousands)

	FY 2002	FY 2003	FY 2004
Salaries and Benefits	1,460	1,780	1,809

Staff oversees actions to achieve approximately 3,000 to 5,000 prime contractor changes per year. They will work to streamline the approval of work force restructuring plans and develop and implement policies to integrate contract reform mechanisms. They will provide oversight of upcoming labor negotiations at four sites, and will continue efforts to mitigate impacts on communities affected by work force reductions.

During FY 2003 and FY 2004, the Asset Management Program staff will continue to assist in the transfer of unneeded materials at field sites throughout the complex, especially in the transfer of ozone depleting substances, and will represent the Department on the Market Impact Committee to retain critical and strategic materials needed for national security needs in the National Defense Stockpile.

Travel	17	35	35
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Travel will enable staff to provide technical assistance to field offices on work force planning and community transition. Staff will also be able to assist field offices in labor negotiations, conducting program assessments, and providing technical assistance in asset management. Training is also included in this cost category.

Support Services	230	518	460
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Support services consist of two elements. The first is assistance in the preparation of both routine and extraordinary analyses and reports as needed. This system will allow the department and its site management contractors to assess the skills of the present work force in comparison to projected needs and match the skills of workers identified for separation with the needs of vacancies. Overall, this system should lead to better personnel management, reduce separation costs, and contribute to retaining important skills..

Other Related Expenses	290	385	375
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The amount in this category consists mainly of the working capital fund. Space rental, telephones, copiers and printing, computer support, general office supplies, and mailing costs are included in this fund. Other expenses are for items not encompassed by the working capital fund, e.g., computer software and professional journals.

Total, Program Direction	1,997	2,718	2,679
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Explanation of Funding Changes

	FY 2004 vs. FY 2003 (\$000)
Salaries and Expenses	29
A decrease of 1 FTE's is expected. The small increase in costs reflects COLA's and within-grade increases, less the cost of the 1 FTE.	
Travel	0
No change.	
Support Services	-58
Tasks identified in FY 2003 that will benefit from support contractor assistance will be completed by the end of that fiscal year.	
Other Related Expenses	-10
Net expenses are expected to decrease due to the reduction in FTE's.	
Total Funding Change, Program Direction	-39

Support Services

(dollars in thousands)

	FY 2002	FY 2003	FY 2004	\$ Change	% Change
Technical Support Services.....	0	0	0	0	0.0%
Management Support Services.....	175	443	394	-49	-11.1%
ADP Support.....	40	50	45	-5	-10.0%
Administrative Support Services.....	15	25	21	-4	-16.0%
Total, Support Services.....	230	518	460	-58	-11.2%

Other Related Expenses

(dollars in thousands)

	FY 2002	FY 2003	FY 2004	\$ Change	% Change
Working Capital Fund.....	280	345	335	-10	-2.9%
Other.....	10	40	40	0	0.0%
Total, Other Related Expenses.....	290	385	375	-10	-2.6%